

§ 521.7

falls within the scope of Article VI (3) and may authorize the release of the excess tax withheld with respect to dividends which come within the scope of such provision.

§ 521.7 Addressee not actual owner.

(a) If the recipient in Denmark of any dividend from sources within the United States is a nominee or representative through whom the dividend flows to a person other than a person described in § 521.2(a) as being entitled to the reduced rate of 15 percent provided in Article VI of the convention, such recipient in Denmark will withhold an additional amount of United States tax equivalent to the difference between the United States tax which would have been withheld had the convention not been in effect (30 percent as at the date of approval of this subpart) and the 15 percent withheld at the source with respect to such dividend pursuant to § 521.2.

(b) In any case in which a fiduciary or a partnership with an address in Denmark receives, otherwise than as a nominee or representative, a dividend from a United States corporation, if a beneficiary of such fiduciary or a partner in such partnership is not entitled to the reduced rate of tax provided in Article VI of the convention, the fiduciary or partnership will withhold an additional amount of United States tax with respect to the portion of such dividend included in such beneficiary's or partner's net distributive share of the income of such fiduciary or partnership, as the case may be. The rate of the additional tax is calculated in the same manner as under paragraph (a) of this section.

(c) The amounts so withheld by the withholding agent in Denmark will, on or before the 15th day after the close of the calendar year quarter in which such withholding has taken place, be deposited with the Danish National Bank (Danmarks Nationalbank) without converting such amounts into dollars. Each withholding agent making such deposit will accompany such deposit with the appropriate Danish form executed as required by the Danish National Bank. The Danish National Bank has arranged to remit, on or before the end of the calendar month in

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which such deposit is so made, by draft in United States dollars, the amounts so deposited to the District Director of Internal Revenue, Baltimore, Maryland, U.S.A., forwarding with such draft the appropriate Danish form filed by the withholding agents.

§ 521.8 Beneficiaries of a domestic estate or trust.

A nonresident alien who is a resident of Denmark and who is a beneficiary of a domestic estate or trust shall be entitled to the exemption, or reduction in the rate of tax, as the case may be, provided in Articles VI, VII and VIII if the convention with respect to dividends, interest and royalties to the extent such item or items are included in his distributive share of income of such estate or trust. In such case such beneficiary must, in order to be entitled to the exemption or reduction in the rate of tax, in the case of interest or royalties, execute Form 1001A-D and file such form with the fiduciary of such estate or trust in the United States.

Subpart—General Income Tax

SOURCE: Treasury Decision 5777, 15 FR 1595, Mar. 22, 1950, unless otherwise noted. Redesignated at 25 FR 14022, Dec. 31, 1960.

TAXATION OF NONRESIDENT ALIENS WHO ARE RESIDENTS OF DENMARK AND OF DANISH CORPORATIONS

§ 521.101 Introductory.

The income tax convention between the United States and the Kingdom of Denmark, signed May 6, 1948, proclaimed (with reservations thereto) by the President of the United States on December 8, 1948, and effective for taxable years beginning on and after January 1, 1948 (referred to in this subpart as the convention), provides in part as follows:

ARTICLE I

(1) The taxes referred to in this Convention are:

(a) In the case of the United States of America: The Federal income tax, including surtaxes.

(b) In the case of Denmark:
The national income tax, including the war profits tax.

The intercommunal income tax.